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TAX CREDITS BRING REFUNDS TO LOW-INCOME WORKERS

Community Action Agencies Provide Free Tax Assistance

SACRAMENTO -

The Earned Income Tax Credit (EITC), a refundable federal income tax credit for low-income working individuals and families, is increasingly becoming recognized as a positive strategy to increase income to those either below the poverty level or hovering close to it. According to the Center on Budget and Policy Priorities, a nonpartisan research organization and policy institute, research indicates that families use the credit to pay for necessities, repair homes, and obtain additional education or training to enhance their employability. In addition, its success has led 18 states to enact their own EITCS that supplement the federal credit. However, reaching and assisting those individuals and families who may qualify for the EITC is a challenge.

Community Action Agencies (CAA's) across the country work everyday to help those living in poverty change their lives and many are finding ways to make sure that low-income individuals are aware of and get the most out of the EITC. CAA's provide free tax assistance through programs like the Volunteer Income Tax Assistance program (VITA) and conduct a variety of outreach efforts aimed at low-income workers. And their efforts seem to be paying off in the form of tax refund checks.

According to XXXX, "Community Action Agencies have been working for many years to improve the lives of low-income individuals and families by helping them become self-sufficient. CAA's do their work at the grass roots level. They are experienced in establishing meaningful partnerships and leveraging their resources far beyond their face worth."

The Department of Community Services and Development, California's designated administrator of federal Community Service Block Grant funds, distributes funding to 46 Community Action Agencies (some are public agencies while others are private) to support programs leading to increased self-sufficiency. About XXX Community Action Agencies in California provide services and programs which can include tax assistance. The Internal Revenue Service provides free training, software and equipment, as well as technical assistance to community service staff and volunteers who prepare the basic tax returns.

- Community Action Partnership of Kern operates a Resource Center, the South Chester Partnership, located in Bakersfield. In 2005, 110 individuals were assisted

in filing for EITC refunds totaling \$111,000.

- San Joaquin County Department of Aging & Community Services staffed seven community centers to support the VITA program, preparing and filing 392 returns totaling \$337,640 in tax credits.
- Campesinos Unidos, Inc., in Imperial County, assisted 200 low-income families in filing for the EITC, up to \$4,000 per family. The American Association of Retired Persons (AARP) and IRS provided training to Campesinos Unidos, Inc. staff.
- Community Action Partnership of Orange County operates an EITC program directly with volunteer resources. Tax-Wise University was created to train volunteers to conduct EITC Tax Assistance. The Community Action Partnership worked with the City of Santa Ana and United Way to establish an EITC Collaborative with ten member agencies. The Collaborative launched two successful outreach efforts to promote awareness and reached 800 persons. In addition the agency is a member of the Community Action Partnership EITC Statewide Network that prepared 5,573 returns statewide, returning \$8.9 million in federal refunds, Child Tax Credits, and EITC.

And the Oakland Community Action Partnership co-sponsored the Alameda County Earned Income Tax Credit Campaign. The IRS estimated that in 2002, 8,583 Oakland taxpayers were eligible for Earned Income Tax Credits worth \$12.5 million, but did not file claims for credit. The Oakland Community Action Partnership took on the project to provide free tax return preparation to low wage workers to increase income for low-income families, as well as stimulate the local economy, encourage asset accumulation, and serve as a gateway for outreach for other programs.

The Alameda County Earned Income Tax Credit Campaign included a coalition that included the United Way Bay Area, 12 community organization VITA sites, the IRS, the Alameda County Social Services Agency, the Office of Congresswoman Barbara Lee, the Office of Alameda County Supervisor Alice Lai-Bitker, and the Urban Strategies Council.

The Campaign provided free tax preparation by 177 volunteers for low-income wage earners at 12 Oakland sites. As a result, 2,635 tax filers received assistance and almost \$2.7 million in federal refunds, \$166,399 in state refunds, and \$1.3 million in EITC funds. The Campaign prescreened 119 families for food stamps, 216 families were referred for subsidized health care, 40 bank accounts were opened, and 31 individuals were enrolled in financial education programs.

QUOTE HERE re COMMUNITY ACTION MONTH

(xxxx) says, "May is National Community Action Month which recognizes how Community Action Agencies help low-income people change their lives. I think it's important to recognize how organizations such as the Oakland Community Action Partnership and other California CAA's find ways to maximize the return on their investment in assistance. The return for the investment in this project was amazing and made a real difference to the low-income families who participated."